

# ***Request for Proposals***

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For the development of new affordable housing on the vacant property at the intersection of 4<sup>th</sup> and Folsom Streets in San Francisco known as 266 4<sup>th</sup> Street.

266 4<sup>th</sup> Street  
(Assessor's Block 3733, Lot 093)

**Issued: August 25, 2017**

Deadline for Submittals:  
**Close of business on February 2, 2018**

Issued by:

**City and County of San Francisco  
Mayor's Office of Housing and Community Development  
1 South Van Ness Avenue, 5<sup>th</sup> Floor  
San Francisco, CA 94103**

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**EXHIBIT A: Insurance Requirements**

**ATTACHMENTS:**

1. Proposal Metrics Form
2. Proposer Description Form
3. Projected Staffing Workload Form
4. Service Provider Residential Experience Form
5. MOHCD Sources and Uses Form
6. Disclosures Form
7. MWA Feasibility Study
8. Federal Transit Administration Joint Development Circular
9. Environmental Reports
10. Site Boundary Map

## I. SUMMARY

The City and County of San Francisco (the “City”), through the Mayor's Office of Housing and Community Development (MOHCD), is seeking submittals from qualified Development Teams (Proposers) to develop a City-owned parcel as a transit-oriented, affordable family rental housing development, including units serving formerly homeless families, and ground-floor commercial use (the “Project”). The parcel is located at 266 4<sup>th</sup> Street (the “Site”) at the intersection of 4<sup>th</sup> and Folsom Streets (Block 3733, Lot 093) in San Francisco’s South of Market (“SoMa”) neighborhood. The Site is immediately adjacent to the future entrance (the “headhouse”) of the Yerba Buena/Moscone Central Subway Station, which is currently under construction. A portion of the Site lies directly above the Station, which is scheduled to be completed in 2019.

This RFP establishes the Project goals, Project framework, and selection process to develop up to 90 affordable housing units with ground floor commercial use on the Site. Following the selection of a Proposer through this RFP process, MOHCD and SFMTA will negotiate final terms of a long-term lease agreement (the “Lease”) with the Development Team.

Respondents to this Request for Proposals (“RFP”) must be comprised of the following: (1) a non-profit developer with experience developing affordable housing in San Francisco or a for-profit developer working in partnership with a nonprofit developer, of which one of the joint-venture partners must have experience developing affordable housing in San Francisco (the “Developer”); (2) a property manager (“Property Manager”) with experience serving the target population; (3) an architect (“Architect”) with multi-unit residential experience; and (4) a qualified supportive service provider (“Services Provider”) with experience serving the target populations (described in Section IV.E). At least one entity of the development team must have demonstrated experience working in San Francisco. All members of the Proposer team will be evaluated according to the criteria set forth below, including experience with comparable projects, capacity, and the ability to deliver and maintain an excellent project. The selected Development Team will develop and own (or transfer the Project to a qualified owner and operator) and operate the Project in a professional, sustainable, and expert manner. The selected Development Team will maintain high design, construction, operating and service standards to improve the lives of Project residents, benefit the surrounding community, while also maintaining development and operational cost efficiencies.

This RFP and the City’s plans for the Site pursue the goals articulated in MOHCD’s Consolidated Plan (2015), as well as San Francisco’s Local Homeless Coordinating Board Five-Year Plan (2014) and MOHCD’s soon to be published Strategic Plan (2017). Accordingly, the Project will be structured under a long-term lease with the City, and maximum rents will be restricted to a level affordable to households earning up to 60% Unadjusted San Francisco Area Median Income and below, as defined by MOHCD. Thirty percent of the Project’s units will serve formerly homeless families referred by the Department of Homelessness and Supportive Housing (“HSH”). Additional Project goals include ground-floor commercial use; Transportation Demand Management (“TDM”) measures to encourage walking, bicycling, and transit use; on-site supportive services available to all households on a voluntary basis and at no cost to the residents; and educational activities and other programming. Finally, the selected

Development Team must have the ability to successfully conduct neighborhood outreach and secure neighborhood support for the Project.

## II. IMPORTANT DATES AND SUBMISSION PROCESS

### A. Important Dates

RFP issued by MOHCD	August 25, 2017
Pre-submission meeting at MOHCD	September 25, 2017
Deadline for questions and requests for additional information	January 8, 2018
Proposal Submission Deadline	February 2, 2018
Preliminary Scoring by Selection Panel and Notice to Proposers	February 19, 2018
Development Team interviews	February 26, 2018
Director of MOHCD review/approval of recommended development team	March 9, 2018
Award Announcement	March 23, 2018

### B. Pre-Submission Meeting

All persons interested in submitting a proposal for this Project must attend a pre-submission meeting to be held at MOHCD (1 South Van Ness Avenue, 5th floor), on **September 25, 2017**. The purpose of the meeting is to ensure that all proposers understand the Project design, construction and financing requirements, as well as the scoring and submittal requirements for proposals.

### C. Questions and Requests for Information

Questions raised at the pre-submission meeting may be answered orally. If any substantive new information is provided in response to questions raised at this meeting, it will also be posted on the MOHCD website (<http://sf-moh.org/index.aspx?page=322>) and will be emailed to all parties that have attended the pre-submission meeting or otherwise requested that they be included on the RFP emailing list. Subsequent to this meeting, questions or requests for interpretation will only be accepted by email, and all questions and responses will be answered by email and posted on the MOHCD website. No questions or requests for interpretation will be accepted after **January 8, 2018**. Emailed questions and information requests should be submitted to Mara Blitzer Director of Housing Development ([mara.blitzer@sfgov.org](mailto:mara.blitzer@sfgov.org)).

### D. Submittal Date and Method

Submittal of 7 (**seven**) hard copies of the Proposal must be received by the MOHCD receptionist and an emailed copy sent to [mara.blitzer@sfgov.org](mailto:mara.blitzer@sfgov.org) no later than **5:00 p.m. on February 2, 2018**.

### **III. BACKGROUND**

#### **A. Site Description and History**

The Site is located at the northwest corner of the intersection of 4th and Folsom Streets (Assessor's Parcel Number is 3733-093) in the South of Market (SoMa) neighborhood of San Francisco. The Site consists of a flat, L-shaped land parcel, approximately 14,797 square feet in area; it is approximately 80 feet by 105 feet with a usable/buildable area of 8,400 square feet. The location, dimensions, and boundaries of the Site are set out in Attachment 10 to this RFP. The City and County of San Francisco, under the jurisdiction of the San Francisco Municipal Transportation Agency (SFMTA), owns the Site. The SFMTA, in partnership with MOHCD, will invite the selected Development Team to enter into a long-term lease of the Site for the purpose of developing and operating permanent, 100% affordable housing.

In his 2014 State of the City address, Mayor Edwin Lee announced the Public Land for Housing Program ("the Program"). The Program will develop publicly-owned parcels of land to create mixed-use neighborhoods with housing opportunities for a variety of household sizes and income levels, including buildings with units located above street-level and neighborhood-serving retail uses on the ground floor. For many of these Public Land for Housing sites, one City agency will partner with MOHCD, and MOHCD will in turn facilitate the financing, development, and construction of 100% affordable housing. The first phase of the Program includes pursuit of development of the Site as one of four publicly-owned sites identified as having the greatest potential for affordable housing development.

A portion of the Site sits directly above the SFMTA's Yerba Buena/Moscone Central Subway Station. The Station is under construction as part of the Central Subway Project and is scheduled to be completed in 2019. The Station is one of four new stations currently under construction as part of the Central Subway Project, a 1.7-mile extension of SFMTA's T-Third light rail line. Upon completion of the Station, the station headhouse will occupy approximately 6,397 square feet of the parcel, while the remaining 8,400 square feet will be fenced and unoccupied upon completion of the station and will be available for the affordable housing development. The Project, in its development, design, construction, and operation must not interfere with or otherwise negatively impact the Station, SFMTA transit operations, or in any way impede the public's access to and use of the Station.

The Central Subway Project is funded in part by the Federal Transit Administration ("FTA"). As a financial partner to the Central Subway Project, the FTA will review any proposed use of the Property in accordance with its Joint Development ("JD") requirements, as outlined in FTA Circular C 7050.1A, a copy of which is attached to this RFP and can be found at

<https://www.transit.dot.gov/funding/funding-finance-resources/joint-development/joint-development-circular>.

Please note that the SFMTA engaged MWA Architects in 2015 for some site feasibility analysis. For illustrative purposes, we have include the report from that work as Attachment 7.

## **B. The Neighborhood**

The SoMa neighborhood where the project is located contains residential, commercial and public land uses in a medium-density urban environment. The Site is located just south of Yerba Buena Gardens. To the north and west of the Site on the north side of Clementina Street is a multistory hotel which is currently under construction. Also on the north side of Clementina Street are a number of mid-rise multi-family residential buildings with ground floor commercial uses. On the south side of Folsom Street, directly across from the Site, are a mixture of 4- and 5-story office and residential buildings with some ground floor commercial uses. Immediately to the west and south of the Site on the same side of Folsom Street is a single story building that recently was occupied by a restaurant and is now vacant.

## **C. Environmental Review**

On December 14, 2016 the City released the Draft Environmental Impact Report for the Central SoMa (CS) Plan including general plan amendments and zoning changes that affect land use requirements and entitlements in a portion of the South of Market Neighborhood, an area that includes 266 4th Street. The CS community planning process began in 2011 with a series of workshops in the neighborhood, with the goal of developing new zoning controls and prioritizing capital investments for the portion of the SoMa neighborhood adjacent to the Central Subway. The community planning process has sought to address other issues critical to this neighborhood, including affordable housing, transportation, parks and open space, urban design and community facilities. A draft of the Central SoMa Plan, updated in August 2016, is available at <http://sf-planning.org/central-soma-plan>.

## **D. Soil Conditions and Structural Considerations**

The Site is a former gasoline refueling station, and all underground storage tanks have been removed and disposed of to make way for the subway station. Once the Station construction is completed in early 2019, the Site will be fenced and covered with gravel.

A geotechnical investigation of the Site's soil conditions, prepared prior to the construction of the Station, will be made available after the selected developer has completed a Non-disclosure agreement related to the Sensitive Security Information clearance required by the SFMTA<sup>1</sup>.

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<sup>1</sup> All design and geotechnical documents for the Station are Sensitive Security Information (SSI) and are protected from disclosure under federal law. SSI is information or records, the disclosure of which may be detrimental to transportation safety (see 49 CFR Sections 15.5 and 1520.5). Access to the Station design documents will be strictly controlled and allowed only on a need-to-know basis, subject to a confidentiality agreement with the SFMTA.

While the SFMTA completed remediation work prior to the construction of the Yerba Buena/Moscone subway station, the Site is presented “as is” with respect to physical, environmental and regulatory conditions, including, but not limited to, any liabilities for remediation of toxic materials that may be present<sup>2</sup>. The selected developer will be responsible for conducting its own analyses of the soil, geotechnical, and environmental conditions of the Site, and the developer should not rely on the findings of prior analyses completed by the SFMTA.

For purposes of this RFP, it is assumed that soil and subsoil conditions on the Site are sufficient to support a development of up to 10 stories or 130 feet. A portion of the Site lies directly above the Yerba Buena/Moscone subway station, which was designed to accommodate a maximum 10-story/130-foot building<sup>3</sup>. Because the subway station will play a principal role in the structural design and function of the Project, MOHCD and the SFMTA are requiring that the structural engineer that designed the subway station serve as the structural engineer for the design of the Project. For more information, see Section IV.B of this RFP. Additionally, because the Project will interface with the Central Subway station below the site, the SFMTA will retain a third party architecture and engineering review team that will be responsible for reviewing the structural design and all other aspects of the Project that have the potential to affect the subway station and the function of the adjacent station headhouse. For more information, see Section IV.B. Under the terms of the Lease, the selected developer will be responsible for and will be required to indemnify the City for any damage to the facilities or functioning of the Yerba Buena/Moscone Station caused by, arising from or otherwise related to the design, construction, and operation of the Project. Please refer to Exhibit A for the insurance requirements for the Project, which account for the unique characteristics of the Site and the adjacent subway infrastructure.

#### **E. Zoning/Land Use Restrictions**

The Site is currently zoned M-1 Light Industrial (“M-1”). The Site is part of the Central SoMa Plan area that proposes the new zoning for the subject parcel to be Mixed Use Office (“MUO”), which allows for housing to be developed above commercial uses. A map showing the location and configuration of the Site can be found at: <http://propertymap.sfplanning.org>. (Enter “3733/093” or “266 4<sup>th</sup> Street” in the Search box). The MUO district is designed to encourage office uses and housing, as well as small-scale light industrial and arts activities. However, this RFP only contemplates affordable housing above ground floor commercial use.

The applicable zoning and land use controls for the MUO district can be found in the Planning Code, Section 842.

[http://library.amlegal.com/nxt/gateway.dll/California/planning/planningcode?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:sanfrancisco\\_ca\\$sync=1](http://library.amlegal.com/nxt/gateway.dll/California/planning/planningcode?f=templates$fn=default.htm$3.0$vid=amlegal:sanfrancisco_ca$sync=1)

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<sup>2</sup> The Site is subject to the Maher Ordinance (San Francisco Health Code, Article 22A). For more information, see: [https://www.sfdph.org/dph/EH/HazWaste/Maher\\_FAQ.asp](https://www.sfdph.org/dph/EH/HazWaste/Maher_FAQ.asp)

<sup>3</sup> Proposers should assume that the Project will not exceed 85 feet in height.



Proposers are directed to consult the Draft Central SoMa Area Plan for proposed additional design/use goals and restrictions applicable to the Site. Proposers should note that the Draft Central SoMa Plan has not been approved and is not currently legally binding. The City does not promise, imply or otherwise represent that the Draft Central SoMa Area Plan will be approved in its current form or in an amended form, if approved at all. The City shall have no liability to the selected Development Team or any other party if the final approved Central SoMa Area Plan differs from the current proposed draft Plan.

#### **IV. DEVELOPMENT PLAN ELEMENTS**

##### **A. Financing Plan**

1. Sources & Uses Budget. A Proposal must include a feasible Sources & Uses Budget for the Project that includes but is not limited to the following:
  - a. Total development costs, including, but not limited to, environmental remediation, if any; utility connections and site work; grading and shoring; the full costs of vertical construction; architectural and engineering expenses; all permitting and applicable City fees; financing costs; and marketing and lease-up costs.
    - (1) Proposers should determine construction type. Construction cost estimates should reflect current construction costs and exclude escalation assumptions.
    - (2) Proposers should include sources and uses for development of all commercial uses in a manner that is consistent with MOHCD's Commercial Space Policy. See: <http://sf-moh.org/Modules/ShowDocument.aspx?documentid=4881>.
  - b. 4% low-income housing tax credits and tax-exempt bond financing (9% LIHTC proposals will not be accepted).
  - c. Affordable Housing and Sustainable Communities (AHSC) Program funds.
  - d. Federal Home Loan Bank Affordable Housing Program funds.
  - e. Additional, non-MOHCD sources of funds that meet the City's affordability goals and reduce to the greatest extent feasible required MOHCD gap funding.
  - f. MOHCD gap funds (in the form of a 55-year, residual receipts loan), minimized to the greatest extent feasible by other funding sources.
  - g. The project budget must demonstrate the ability to adhere to a City subsidy per unit amount of \$250,000 from MOHCD.
2. 1<sup>st</sup> Full Year Housing Operating Budget: Proposers should assume for preliminary financing plans the following operating budget parameters, including but not limited to:

- a. A *maximum* rent level for all units of 60% of the Unadjusted Area Median Income (“AMI”) for HUD metro fair market rent area (HMFA) that contains San Francisco, as established by MOHCD. See: <http://www.sf-moh.org/modules/showdocument.aspx?documentid=7571>.
  - (1) Developers are encouraged to balance financial feasibility and a tiered rent schedule, so that rent for some non-homeless units may be less than 60% AMI.
  - (2) Formerly homeless households will contribute 30% of their incomes in rent; Developers should assume tenant-paid rents (exclusive of utilities) of \$300 per month for homeless households.
- b. Funding from the City’s Local Operating Subsidy Program (“LOSP”), through a 15-year contract with MOHCD, to cover the difference between the costs to operate the homeless set-aside units and the formerly homeless tenants’ contributions. (Developers should make this assumption only for the purpose of modeling their submissions; in order to control LOSP contract values, the City may require cross-subsidization from higher-income units to offset operating expenses.)
- c. A 20-year cash flow that includes:
  - (1) Tenant-paid rents.
  - (2) Annual LOSP subsidy payments sized to capture the difference between tenant-paid rents in LOSP units and operating expense attributable to LOSP units *only*. LOSP operating subsidies should account for, on a pro-rata basis, all typical costs of operations; required reserves deposits; mandatory administrative fees required by HCD financing, if any; deferred developer fee, if any; partnership management fees; and investor management fees. LOSP subsidies may not be used to pay hard debt service.
  - (3) Operating expenses reflecting full costs to operate the Project, hard debt service payments, reserves deposits, and all other residual receipts waterfall distributions typical for 4% tax credit transactions which conform to MOHCD’s Underwriting Guidelines (see Section IV.A.5, below). The operating budget should exclude support services such as case management and counseling but may include one FTE Services Coordinator/Connector. Proposers should highlight any innovative operating cost controls and their relationship to the leveraging of conventional debt.
  - (4) Sufficient lease revenue from commercial space leases to cover their operating costs including reserves pursuant to MOHCD’s Underwriting Guidelines.

**3. Services Funding.** A Proposal must include a separate services budget that includes:

- a. Services staffing information (number of FTEs or percent thereof, type of services staff, roles of services staff), for both the homeless and non-homeless units. Please see Section IV.E. Resident Services below, for further information regarding required social services.
- b. Services funding will be provided by HSH for the homeless units following the tiered funding schedule described in Section IV.E below. HSH will provide these funds through a direct contract with the Project's services provider, conditioned on continuous compliance with terms of the Proposer's LOSP agreement with MOHCD.
- c. Additional services funding sources beyond assistance provided by HSH if available.

#### 4. Ground Lease.

- a. The selected Developer will enter into a 75-year ground lease agreement with the City for the Site (with an option to extend to a total of 99 years). Annual rent shall be set at 10% of the appraised value of the unimproved Site property, which as of February 2016 is \$9,720,000. An annual Base Rent payment of \$15,000 shall be payable to the City as an operating expense, with the balance of Annual Rent paid from surplus cash, if any. Annual Rent shall be re-determined every fifteen years, as determined by an MAI appraiser using the value of the improved property.
  - b. MOHCD's eventual transfer of the Site to the selected Developer under a long-term lease will be "as is" with respect to physical, environmental and regulatory conditions, including, but not limited to, any liabilities for remediation of toxic materials that may be present.
  - c. The City's execution of a long-term ground lease for the MOHCD Parcel is subject to approval of the City's Board of Supervisors, in its sole and absolute discretion.
  - d. Any title insurance or other evidence of good title desired by the selected Development Team must be obtained at its own cost and expense from a party other than the City.
5. Underwriting Guidelines. All submissions must conform to MOHCD's most current version (<http://sf-moh.org/Modules/ShowDocument.aspx?documentid=2578>) and other published MOHCD policies, such as its Developer Fee Policy.
6. Predevelopment Funding. MOHCD will provide up to \$2,000,000 in predevelopment funding to the selected Proposer, subject to the Proposer's demonstration of its compliance with the City's vendor requirements and approval by the San Francisco Citywide Affordable Housing Loan Committee.

## **B. Design and Construction**

The City will require the selected Development Team to apply excellent architectural design and construction standards that represent an awareness of the Site's location in a high-density, well-established, mixed-use neighborhood. The selected Development Team will maximize unit count while also creating a strongly supportive environment with adequate amenities and open spaces to enhance the lives of residents. Proposers and their design proposals should acknowledge that the SoMa neighborhood is nearly 100% built out, so the Project's design and construction will have a significant impact on the surrounding community. (Note: *Some portion of the architectural costs associated with this architectural analysis may be reimbursable by MOHCD. See Section VI. G. 4. below for more information.*)

As noted above, due to the unique structural challenges of building above a subway station that was designed to accommodate a 10-story/130 foot building, MOHCD and the SFMTA are requiring that the selected Development Team engage SOHA Engineers, which is the structural engineering firm that designed the Yerba Buena/Moscone subway station, to serve as the structural engineer on the Project design team. Also as noted earlier, the SFMTA will be retaining a third party design review consultant to review and comment on design drawings at all phases of the design process (e.g. schematic, design development, construction document) to ensure that the Project does not negatively affect the structural integrity and operation of the subway station. The Development Team's design team must coordinate with the third party design review consultant to develop a Project oversight plan during the design and construction phases. The plan will provide an agreed upon schedule for reviews and approvals by the third party design review consultant in the context of the design and construction schedule of the Project.

### **C. Preliminary Site Feasibility Design Considerations**

Certain major factors will affect design and total unit count, all of which will be considered in evaluating and scoring proposals:

#### **1. Height Limits/Building Location and Massing**

Details regarding the control measures proposed by the Central SoMa Plan are found at the following url:

<http://default.sfplanning.org/Citywide/Central Corridor/Central SoMa Plan full report FINAL.pdf>

Although the present height and bulk district allows for a taller structure, for purposes of this RFP, Proposers should assume that the building will be no more than 8 floors and 85 feet in height<sup>4</sup>.

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<sup>4</sup> The City will retain ownership interest in any development rights in excess of those used by the development constructed pursuant to the proposed development. Under such an arrangement, the City will receive payments over and above the annual rent if, upon subsequent rezoning, re-entitling, or redevelopment of the Site, the development potential is greater than that described in the proposed development. This provision shall be included in the covenants, conditions, and restrictions to be recorded at closing or in the ground lease, as applicable.

## 2. Parking and Alternative Transportation

The SFMTA and MOHCD require that the Project exemplify best practices in joint development and encourage the Project to incorporate ambitious transportation demand management (TDM) measures to promote non-automobile modes of transportation. The Project will have no on-site parking, given its proximity to the Central Subway and other transit lines. Additionally, the Project shall conform to the City's adopted TDM ordinance (Section 169 of the San Francisco Planning Code) and shall also incorporate, at a minimum, the following TDM measures:

- a. Project staff shall educate and assist residents in enrolling in free transportation such as Lifeline or other eligible reduced-fare programs.
- b. The Project shall provide real time transit data in heavily trafficked common areas, such as the building lobby.
- c. Project staff shall be trained in transit trip planning and shall assist residents in accessing trip planning resources, such as web sites, mobile apps, the 511 phone service, and printed materials. A computer may be made available to residents for this purpose.
- d. Secure bike parking shall be provided on-site that includes cargo bikes for resident use. Additionally, compact rolling carts shall be made available to residents to borrow to facilitate shopping trips within walking distance.

Furthermore, the SFMTA and MOHCD encourage the Project to include other sustainable mobility features, either physical, operational, or programmatic, that are suitable to the Site and Project.

## 3. Ground Floor Commercial

The Site's current M-1 (light industrial) is undergoing review under the CS Plan to be rezoned to MUO (mixed use office) which requires ground floor commercial use along the Folsom Street frontage. MOHCD and the SFMTA encourage a design that activates the ground floor of the development to the maximum extent feasible. Per the MOHCD Underwriting Guidelines, the budget may include the cost of developing the basic infrastructure or "warm shell" for such uses but not the tenant improvements.

## 4. Unit Mix and Interior Resident Amenities

- a. Under the definition of MUO districts at least 40% of all dwelling units must contain two or more bedrooms or 30% of all dwelling units must contain three or more bedrooms. (sec. 842.25). In accordance with the guidelines of the draft Central SoMa Plan, the selected Development Team is expected to ensure that at least 40% of the units in the development will have two or more bedrooms.
- b. Project sponsors should propose a list of resident amenities and accompanying services, describe who they are intended to serve, and show their general location, size, and accessibility to residents. Examples include teen computer labs; counseling rooms;

community gathering spaces, etc. The Project is required to provide a front desk that is staffed 24 hours a day, seven days a week.

- c. Development Teams are encouraged to review the Planning Department's report on family housing released in January 2017.  
[http://default.sfplanning.org/publications\\_reports/Family\\_Friendly\\_Briefing\\_01-17-17\\_FINAL.pdf](http://default.sfplanning.org/publications_reports/Family_Friendly_Briefing_01-17-17_FINAL.pdf)

## 5. Resident Usable Open Space

Usable open space shall be composed of an outdoor area or areas designed for outdoor living, recreation or landscaping, including such areas on the ground and on decks, balconies, porches and roofs, which are safe and suitably surfaced and screened, and which conform to the other requirements of San Francisco Planning Code Section 135.

## 6. Resident Livability

The overall habitability of the Project and the comfort, security and housing stability of its residents may be facilitated by a number of architectural considerations such as:

- a. Interior resident amenities – need for creation of a strong tenant community while anticipating great diversity within the tenant population;
- b. Upper floor open spaces – some potential views and vistas, relationship to heights of surrounding structures, access to sun but also wind.

## 7. Other Design Considerations

- a. Historic Resource Influence - The original gas station has been demolished; therefore, site-specific architectural preservation considerations are not present. The proposed design should take into account historic buildings within the neighborhood and be compatible with the design vocabulary of the surrounding buildings.
- b. Urban Design Guidelines - Proposers should take into consideration the fact that the City is in the process of adopting Urban Design Guidelines that will apply to all new development within San Francisco. These Guidelines will give direction on a number of important design issues, including site design, massing, open space, fenestration and facade development, and ground floor design. To promote design excellence, all projects in Central SoMa, and therefore the Project, shall conform to the City's Urban Design Guidelines. More information can be found at (<http://sf-planning.org/urban-design-guidelines>)
- c. Central SoMa Plan Design Guidelines - Furthermore, specific design guidelines from the Central SoMa plan that relate to the subject property can be found at [http://default.sfplanning.org/Citywide/Central\\_Corridor/Central\\_SoMa\\_Plan\\_full\\_report\\_FINAL.pdf](http://default.sfplanning.org/Citywide/Central_Corridor/Central_SoMa_Plan_full_report_FINAL.pdf)

- d. Civic Design Review - Pursuant to Charter Section 5.103, any new construction on City property is subject to Civic Design Review as well as onsite provision of public art valued at 1% of City-funded portion of hard construction costs. The Planning Department shall not approve any permit until this requirement is fulfilled. Partial fulfillment of the design review requirements will be met through Arts Commission representation on the selection panel for this RFP. More information including the Civic Design Review Committee Submission Guidelines is available on the Arts Commission website: <http://www.sfartscommission.org/CDR/home/index.html>.

## 8. Green Design Guidelines

The City seeks to maximize the overall sustainability of the Project to the extent possible through the integrated use of sustainable building elements. Development plans that improve indoor air quality, reduce resource consumption, and approach zero-energy consumption are encouraged. At a minimum, the Project should meet the requirements of the 2013 San Francisco Green Building Code, California Title 24, and the California Tax Credit Allocation Committee regulations regarding sustainable buildings. Buildings that exceed this measurement and achieve net-positive sustainability strategies are highly encouraged. The selected Development Team will also be required to comply with Chapter 7 of the Environment Code of the City and County of San Francisco, which specifies green building requirements for City buildings. Among other resources, Proposers may obtain more information at <http://www.enterprisecommunity.com/solutions-and-innovation/enterprise-green-communities/resources/tools>; <http://www.greenaffordablehousing.org/>; and [www.ecodistricts.org](http://www.ecodistricts.org).

## 9. Central SoMa Plan & Eco-District

The San Francisco Planning Department has identified the Central SoMa Plan area as a Type 2 Eco-District—an infill area composed of new and existing development, smaller parcels, and multiple property owners. An Eco-District is a neighborhood or district where residents, community institutions, property owners, developers, businesses, City staff, and utility providers join together to establish and meet ambitious sustainability goals. In Central SoMa, new development is uniquely positioned to exhibit a variety of sustainability best practices, including and beyond current City and State requirements. For example, new development in the Central SoMa Plan Area will use 100% GHG-free electricity and is expected to dedicate 50% of roof areas to greening. Through the Central SoMa Plan, Eco-District Team and Guidebook, and additional technical studies, this Eco-District will serve as an example for other parts of the city. The City expects the Project to be designed and built with the Central SoMa Plan's Eco-District principles in mind, many of which are consistent and compatible with the Green Design Guidelines provided above. For more information, see Chapter 6 of the 2016 Draft Central SoMa Plan and Implementation Strategy: [http://default.sfplanning.org/Citywide/Central\\_Corridor/Central\\_SoMa\\_Plan\\_full\\_report\\_FINAL.pdf](http://default.sfplanning.org/Citywide/Central_Corridor/Central_SoMa_Plan_full_report_FINAL.pdf).

10. Priority Permit Processing

Pursuant to San Francisco Department of Building Inspection (“DBI”) policy, this Project qualifies for “priority permit processing” as 100% of the units will be affordable. The selected Development Team must understand this preference and secure all available priority processing benefits with both DBI and Planning.

**D. Occupancy Preferences and Resident Selection**

Thirty percent of the units must be reserved for homeless families referred by HSH. The following additional preferences will apply to the Project’s lease-up, in the following order:

Preference	Respondent Category
1.	Certificate of Preference Holders
2.	Displaced Tenant Housing Preference Certificate Holders for up to 20% of the units (unless California Housing and Community Development funds apply)
3.	Qualifying Neighborhood Preference Residents for up to 40% of the units (unless HUD or California Housing and Community Development funds apply, in which case Anti-Displacement Preference)
4.	Households who Live or Work in San Francisco

The selected Development Team will retain final selection authority over all resident applicants. A Proposal must include a draft Affirmative Marketing Plan. The Affirmative Marketing Plan should include specific outreach toward SoMa-based tenants displaced by Ellis Act or Owner Move-In evictions and provision of all marketing and application materials in all City-recognized languages. The selected Development Team must comply with MOHCD’s marketing requirements, including but not limited to requirements for language access and integration of the Fair Chance Act.

Formerly Homeless Families

HSH will refer homeless families with dependent children under the age of 18, and homeless pregnant women, for residency in the Project. Single individuals and households without minor children are not eligible for the HSH referral units.

HSH will follow the definition of “homeless” provided in the chart below to determine eligibility. In addition, households can only be referred by HSH for occupancy at the Project if their annual household income does not exceed 30% of AMI.



The term "Homeless" includes individuals or families who lack a fixed, regular, and adequate nighttime residence and who have a primary nighttime residence in one or more of the following categories:

Category	Description
Shelter	Anyone staying in a mission or homeless or domestic violence shelter, i.e., a supervised public or private facility that provides temporary living accommodations. Anyone displaced from housing due to a disaster situation.
Street	Anyone staying outdoors; for example, street, sidewalk, doorway, park, freeway underpass.
Vehicle	Anyone staying in a car, van, bus, truck, RV, or similar vehicle.
Make-Shift	Anyone staying in an enclosure or structure that is not authorized or fit for human habitation by building or housing codes, including abandoned buildings ("squats") or sub-standard apartments and dwellings.
Doubled-Up	Anyone staying with friends and/or extended family members ( <u>excluding</u> parents and children), because they are otherwise unable to obtain housing, <b>or</b> , any family with children staying in a Single Room Occupancy (SRO) hotel room - whether or not they have tenancy rights, <b>or</b> , anyone staying in temporary housing for less than 6 months, and the accommodations provided the person are substandard or inadequate, for example, garage, small room, overly crowded space.
Transitional	Anyone staying in a Single Room Occupancy (SRO) hotel room <u>without</u> tenancy rights, <b>or</b> , anyone formerly homeless (formerly in one of the above categories) who is now incarcerated, hospitalized, or living in a treatment program, half-way house, transitional housing, <b>or</b> , anyone formerly homeless (formerly in one of the above categories) who has obtained supportive housing or permanent housing for less than 30 days.

Please note that all homeless referrals will be made via the City's new Coordinated Entry/Access System (CES), which will replace the current system of Access Point and DART referrals into LOSP-supported permanent supportive housing, as well as other supportive housing programs across San Francisco. CES procedures are or will be developed and implemented for homeless adults, single adults, families, and TAY beginning in 2017 through a phased implementation. When any permanent supportive housing units are available for a referral and placement, CES will be used to identify a candidate for screening. LOSP supportive housing will receive clients with the highest levels of need.

Approximately half of the 30% homeless units will need to meet the eligibility requirements of the State of California Housing and Community Development Department's No Place Like Home program ("NPLH") program. The NPLH population to be served is as follows: Adults with serious mental illness, or children with severe emotional disorders and their families who are homeless, chronically homeless, or at risk of chronic homelessness. At risk of chronic homelessness includes persons who are at high risk of long-term or intermittent homelessness,

including persons with mental illness exiting institutionalized settings, transition age youth experiencing homelessness or with significant barriers to housing stability.

The services provider at the Project must have the ability to bill MediCal for services provided to residents.

### **E. Resident Services**

The successful provision of support services for 266 4<sup>th</sup> Street residents is critical to the overall success of the development program. Proposers must include a trauma-informed services plan (“Services Plan”) that demonstrates an understanding of the housing and services needs of extremely low- and low-income households and the specific target population, including formerly homeless households who have experienced chronic trauma. The Services Plan should include:

1. Access to and coordination with mainstream community services, subcontracted and/or partner services, and a commitment by each service provider to coordinate with onsite supportive services and property management through regularly scheduled meetings to ensure sound operational and building management practices.
2. A description of the minimum services to be provided that are appropriate to the proposed target population, including homeless households, and the estimated frequency of the services. Examples of the services activities the supportive services staff perform for all sites may include:
  - a. Early intervention with Property Management in Resident Selection to conduct assessments.
  - b. Ongoing outreach and engagement of the tenant population with the goal of achieving housing stability.
  - c. Thorough outreach to outside providers to teach, coach and mentor adults and teens on various key areas, including, e.g., mental health needs, substance abuse treatment, domestic violence, and food security.
  - d. Help accessing benefits, pre-vocational and vocational training, legal services, and/or educational opportunities, as appropriate.
  - e. Referrals and assistance with accessing primary medical care and other community services as needed and connection with neighborhood community clinics.
  - f. Eviction prevention support and referrals.
3. Specific strategies for addressing the needs of homeless households, e.g.:
  - a. A description of the way the Applicant will engage and assess formerly homeless families and individuals during the resident selection period.
  - b. The implementation plan for trauma-informed systems, including provisions for ongoing training for services staff and property management teams.

- c. Collaboration with other trauma-informed services providers to teach self-reliance and empowerment with adults and teens.
  - d. Assistance with families' transition out of homelessness, especially regarding mental health concerns and adverse childhood experiences.
  - e. Conflict resolution among tenants using trauma-informed principles.
  - f. Recreation, community building, social, and/or other group programming.
4. Staffing information (number of FTEs or percent thereof, type of services staff, roles of services staff), for both the homeless and non-homeless units. Services for the homeless units should be provided through a case manager to unit ratio of no less than 1 case manager for every 35 units; services for the non-homeless households should be provided at 1 services coordinator/connector for every 100 households. The winning Proposer will be required to work with HSH to determined final staffing ratios and budgets to successfully serve the homeless households.

High quality supportive services are a critical element of successful permanent supportive housing and are required by the LOSP contract. Services are funded and monitored by the City under separate contract(s) with HSH. Service providers assist supportive housing residents who need ongoing services to maintain housing stability. Often the Services Provider is part of the Development Team that is selected as part of the original capital funding selection.

Contracts for services are typically for an initial three year term with an option to extend for two more years. Subsequently, service providers at each site are selected through a Request for Proposal (RFP) issued by HSH for three year terms with an option to extend for two years. Each contract is assigned a program manager with HSH and this is the contact person for all questions related to the service provision and contracting.

Currently the services funding amount awarded by HSH is based on the "Tier System" for all projects except Direct Access to Housing ("DAH") projects. Factors such as who does placement into the building, level of need of the target population, and if the program serves homeless families or adults will be considered when determining the Tier level and associated services funding level. For example, in family housing, additional funding will be provided for an "activities coordinator" to work with children and youth at the site. A Services Plan with associated funding level is placed in Tiers I through V based on the target population for the supportive housing units. All LOSP sites are currently in Tier IV or V. The higher the Tier, the more service dollars are provided and the lower the ratio for case manager to client.

Each Tier is assigned specific outcome objectives which are determined by HSH. The outcome objectives are reported on monthly, quarterly, and annually and reviewed by the HSH program manager. Below is the FY 2016-17 breakdown for funding per Tier and client/case manager ratio on a per unit per year basis:

<b>Summary</b>	<b>FY16-17 Per Unit Per Year</b>
Tier I Adult (Step-Up) = 1:75 ratio	\$ 1,397
Tier III Adult (Non-placement and Masterlease) = 1:35 ratio	\$ 2,784
Tier IV Adult (non-clinical) = 1:25 ratio	\$ 3,886
Tier V Adult (with clinical) = 1:25 ratio	\$ 4,902
Tier I/III Family (Non-placement) = 1:35 ratio	\$ 3,341
Tier IV Family and TAY (non-clinical) = 1:25 ratio	\$ 4,567
Tier V Family (with clinical) = 1:25 ratio	\$ 5,614

**F. Property Management/Maintenance Oversight**

Proposers must provide information regarding the proposed property management team’s experience – including previous work with family rental housing. The selected Proposer will include a property management company that has demonstrated successful approaches to managing buildings with some component of serving formerly homeless people, many of whom will continue to struggle with behavioral, health and medical issues.

**G. Community Outreach**

It is critical to the success of the development program that the selected Development Team conduct extensive community outreach and establish positive links with surrounding neighbors and the larger community throughout the development process. As 266 4<sup>th</sup> Street is a key site in the SoMa neighborhood, concerned citizens and well-established neighborhood groups will closely monitor the progress of the development. The selected Development Team will be expected, at a minimum, to provide periodic updates and present the proposed design to members of the community for their input. The Proposer must provide a Community Outreach plan as part of the response to this RFP.

**V. SELECTION PROCESS, SELECTION CRITERIA AND SUBMITTAL REQUIREMENTS**

**A. Selection Process**

MOHCD staff will review all submittals for completeness and satisfaction of minimum experience and capacity requirements.

A Selection Panel will be appointed by the Director of the Mayor’s Office of Housing and Community Development composed of persons with expertise in the areas of development, affordable housing financing, architecture, property management and resident supportive services, at least one of whom will be familiar with the SoMa community. The Selection Panel will review all qualified responses and preliminarily score each qualified submittal. The

Selection Panel will interview all Proposers which meet the minimum qualifications requirements, at which time Proposers will be asked to present and explain the major characteristics of their proposal, particularly as they relate to the Scoring Criteria, and respond to questions from the Selection Panel. After all interviews have been completed, the Selection Panel will meet to determine the final ranking of all responses and present this ranking to the Director.

The Director will then select a development team, and MOHCD, in coordination with the SFMTA, will negotiate an option to lease the Site for purposes of its development in accordance with the terms of this RFP. Any objections to the RFP, qualification determinations or the final selection must follow the Objection Requirements outlined in Section VI.D of this RFP.

### **B. Minimum Experience and Capacity Qualifications**

All Proposers must meet the following Minimum Experience and Capacity Qualifications in order to qualify for selection under this RFP:

1. Development Team Characteristics: The proposed Development Team must include:
  - a. At least one community-based non-profit development entity as sole developer or joint-venture partner, defined as a nonprofit organization whose mission includes the development of affordable housing in low-income communities, with experience developing housing for low and very low-income families in San Francisco;
  - b. A lead architectural firm (Architect) with experience in design and construction of multifamily housing, preferably with residential experience in San Francisco. While the lead Architect's LBE status will not be considered in scoring responses to this RFP, it will be counted toward the Project's overall procurement goals, which will be set at a later date. As mentioned earlier, the lead architectural firm will be required to use the Station's structural engineer as the Project's structural engineer;
  - c. A property management entity with experience managing low- and very low-income affordable housing in San Francisco, in a culturally and linguistically competent manner;
  - d. At least one resident Services Provider with experience providing culturally and linguistically competent services appropriate for low-income families and for homeless households.

*Letters of Intent or Memoranda of Understanding from service providers and property management entities that are not affiliated with the Developer must be submitted with the application.*

### **2. Development Team Minimum Experience Qualifications**

Minimum experience must be demonstrated by identifying specific **Qualifying Projects** in which team members have participated, as further described below.

For Developer, Owner and Property Manager, a **Qualifying Project (QP)** must have all of the following characteristics:

- a. new construction
- b. mixed-use including residential
- c. at least partially Type I construction type
- d. located in San Francisco
- e. affordable to low- and very low- income families<sup>5</sup>
- f. majority multiple bedrooms

For the Architect, the last three characteristics of a QP (located in SF, affordability and tax credit financing) are not required.

***Minimum Developer Experience:*** The proposed Developer must have completed within the past five years or have under development at least one Qualifying Project in San Francisco targeting low- and very low-income families and using financing sources similar to those proposed for development of the Site.

For joint-venture Development Teams, the experience of the lead entity may suffice for the joint-venture partnership. A Memorandum of Understanding between joint-venture Development partners must be submitted with the application.

Furthermore, a Development Team can meet the minimum requirement for development experience by contracting with a development consultant for comprehensive Project management services. Project management services should include financial packaging, selection of other consultants, selection of construction contractor and property management agent, oversight of architectural design, construction management, and consultation on major aspects of the development process.

***Minimum Ownership Experience:*** The proposed Owner of the improvements (the Developer or other entity if the Proposal includes turning ownership over to a different corporate entity upon completion of development) must have owned at least one Qualifying Project in San Francisco for at least 5 years prior to the Submittal Deadline of this RFP. The Project must have targeted low (up to 60% AMI) and very low income (up to 30% AMI) families and utilized financing sources similar to those proposed for development of the Site. For purposes of this requirement, the general partner of a tax credit partnership intended to take ownership of the completed Project is the proposed “Owner”.

***Minimum Property Manager Experience:*** The proposed property manager must have managed at least three Qualifying Projects in San Francisco, each for at least 24 months, all of which must have targeted low- and very low-income families and at least one of which must have been financed with Low Income Housing Tax Credits.

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<sup>5</sup> “Low Income” is defined as 60% AMI and below. “Very Low Income” is defined as 30% AMI and below.

**Minimum Architectural Experience:** The proposed lead architectural firm must have completed at least two (2) Qualifying Projects.

**Minimum Service Provider Experience:** The proposed service provider must have at least 48 months experience providing supportive services to low-income families in San Francisco, preferably in the general vicinity of the Site. This experience should include linking clients to the City’s safety net of services and supporting their efforts to access those services.

**Note Regarding Experience:** For any Proposer team member, the experience of key staff members may be substituted for the experience of the organization as a whole as long as the staff members’ experience in other firms was substantive and involved responsibilities similar to what they are anticipated to perform during the proposed development of the Site.

3. Minimum Developer and Architect Capacity Qualifications Documentation Requirements

The proposed Developer and Architect must document their capacity to successfully plan, design, and develop the housing they propose to develop throughout the period of development, either through staff with appropriate experience and capacity, contracted services, or collaboration with other organizations. This documentation should include a description of the experience and capacity of key staff, their workloads, and the organizational structure for supporting staff. In addition, the Developer or other proposed owner (as general partner of a proposed tax credit partnership) must provide evidence of its capacity to own and asset manage the proposed Project or specific plans for increasing its capacity if necessary.

**C. Selection Criteria – (135 points possible):**

All applications that meet the minimum experience and capacity requirements will be rated and ranked according to the following scoring criteria (see Scoring Criteria details below):

	<b>Category</b>	<b>Points</b>
(1)	Experience:	45
a.	Developer Experience (20 pts)	
b.	Architect Experience (15 pts)	
c.	Property Management Experience (5 pts)	
d.	Service Provider Experience (5 pts)	
(2)	Development Concept and Preliminary Site Plan:	40
(3)	Financing and Cost Control Innovations:	10
(4)	Services Plan:	10
(5)	Community Planning Experience:	30
	<b>TOTAL POSSIBLE POINTS</b>	<b>135</b>

**(1a) *Development Experience* -- (20 points possible):**

Proposers will be scored according to the number of Qualifying Projects that are affordable to low- or very low-income families completed or under development in excess of the minimum and whether or not their experience includes at least one Project that included units targeted to homeless persons (singles, seniors or families).

One Qualifying Project for very low-income families completed or under development in excess of the minimum required QP.	<b>10 Points</b>
Two or more Qualifying Projects for very low-income families completed or under development in excess of the minimum required QP.	<b>15 Points</b>
At least one completed Project that includes units targeted for formerly homeless persons (singles, seniors or families)	<b>5 additional points</b>

**(1b) Lead Architectural Firm Experience – (15 points possible):**

Points will be awarded only to lead Architects who have completed at least 3 Qualifying Projects. Proposals will be scored according to whether the Architects’ experience includes work in San Francisco, experience developing housing for low and very low income families, and experience with Joint or Transit-Oriented Development and Transportation Demand Management measures.

Experience in San Francisco but none with affordable housing for low and very low income families.	<b>5 points</b>
Experience with affordable housing for low and very low income families but none in San Francisco	<b>7 points</b>
Experience with affordable housing for low and very low income families in San Francisco.	<b>10 points</b>
Experience with Joint or Transit-Oriented Development (TOD) and incorporating Transportation Demand Management (TDM) measures into Project design	<b>5 additional points (up to maximum of total available)</b>

**(1c) Property Management Experience – (5 points possible):**

Points will be awarded only to Property Managers whose experience includes managing housing for formerly homeless persons in San Francisco (seniors, families or single persons) for at least 24 months.

One point will be earned for every 12 months experience managing housing in San Francisco for formerly homeless persons. Experience cited must include demonstrated successful outcomes for formerly homeless residents.	<b>2 to 5 points</b>
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**(1d) Service Provider Experience – (5 points possible)**



Proposals will be scored according to the amount of experience (length of time) the service provider has successfully provided services to low- and very low-income families and formerly homeless families. This experience should include linking clients to the City’s safety net of services and supporting their efforts to access those services. A Letter of Interest from each service provider must be submitted with the application.

One point will be earned for every 12 months experience providing services for low-income families in excess of the 48 months minimum requirement.	<b>Up to 5 points</b>
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**(2) *Development Concept and Preliminary Site Plan – (40 points possible):***

Proposals will be scored according to the degree to which the preliminary site and development plan maximizes housing opportunities<sup>6</sup> while also creating a strongly supportive environment with adequate amenities and open spaces to enhance the lives of the residents and to promote the long-term livability of that housing.

The Selection Panel will base its evaluation on how well the Development Concept and Preliminary Site Plan address the Design Considerations and Guidelines described above in section IV.B and IV.C and will score each respondent’s plans using the following scoring system:

Outstanding	<b>40 points</b>
Very Good	<b>32 points</b>
Good	<b>24 points</b>
Fair	<b>16 points</b>
Poor	<b>8 points</b>
Inadequate	<b>0 points</b>

**(3) *Financing, Cost Control and Innovations – (10 points possible):***

Proposals will be ranked according to the degree to which they propose a financing plan that is feasible and consistent with the requirements, limitations and opportunities associated with its proposed sources; minimizes MOHCD’s permanent financing; proposes innovative sources or financing instruments; and uses innovative (i.e., non-standard, routine or commonly used) but practical materials or methodologies designed to reduce development, construction and/or operating costs, either directly or indirectly, without reducing the overall quality of the completed Project.

Top ranked proposal re: financial and cost control innovations:	<b>10 points</b>
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<sup>6</sup> For purposes of this RFP, “maximizing housing opportunities” is defined as providing as many units as possible and ensuring that at least 40% of the units have 2+ bedrooms, given the 85 foot height constraint (see Section IV.C of this RFP) and the minimum unit sizes established by the California Tax Credit Allocation Committee (CTCAC).

2 <sup>nd</sup> ranked proposal	<b>7 points</b>
All other proposals	<b>5 points</b>

**(4) Services Plan – (10 points possible):**

Proposals will be scored according to the degree to which the Services Plan includes providing access to an array of services appropriate to the diverse needs of low-income families, parents and children, including formerly homeless families; how access to those services will be encouraged and facilitated; the degree to which the Plan relies on coordination with existing services in the neighborhood and community; and the appropriateness of the services budget, using the following scoring matrix:

Excellent	<b>10 points</b>
Very Good	<b>7 points</b>
Good	<b>5 points</b>

**(5) Community Planning Experience – (30 points possible):**

Proposers’ experience and capacity to implement an outreach and planning effort that involves the local community in the program setting and design development of affordable housing.

- (a) Familiarity with the demographics, businesses, amenities, history, and political, social and community organizations of the SoMa neighborhood

No or little understanding and experience:	0-3 points
Some understanding and experience:	4-6 points
Clear understanding and extensive experience:	7-10 points

- (b) Previous experience with successfully outreaching to and involving the local community in the programming and design of affordable housing projects.

Minimal experience:	0-3 points
Some experience:	4-6 points
Extensive experience:	7-10 points

- (c) Previous experience in gaining community support for their affordable housing projects.

Minimal experience:	0-3 points
Some experience:	4-6 points
Extensive experience:	7-10 points

## **D. Submittal Requirements**

*Responses to this RFP should be organized as follows:*

**1. Summary.** Provide a concise narrative description of the proposal for developing the Site, including the development's overall size, uses, resident and community amenities, design concept, and summarized financing and services plans. Add **Attachment 1, Proposal Metrics.**

**2. Development Team.** Using **Attachment 2, Proposer Description,** Provide the name of each organization, names of the Director and primary contact persons, and phone numbers and email addresses for each of the following:

- (a) Lead Developer
- (b) Co-Developer (if applicable)
- (c) Development Consultant (if applicable)
- (d) Lead Architect and co-architect (if applicable)
- (e) Property Manager
- (f) Service Provider(s)

For each Developer or Co-Developer, submit a current copy of the following documents:

- (a) Certificate of good standing from California Secretary of State
- (b) Certification of 501(c)(3) status from the Internal Revenue Service (for any nonprofit corporations).
- (c) The latest two (2) years of audited financial statements (with management letters, if any).

## **3. Development Team Experience and Capacity**

**3.1. Development Team Experience and Capacity.** Describe at least one and no more than five (5) Qualifying Projects completed or under development by Proposer, including co-developer or development consultants if any, using one page per Project and including the following information for each Project in the following order:

- (a) Developer or consultant's name and role in the Project
- (b) All uses included in the Project, including resident or community amenities (e.g. childcare center, tenant services space), commercial uses, etc.
- (c) Total number of units and unit sizes
- (d) Construction Type(s)
- (e) Transportation demand management (TDM) or joint or transit-oriented development (TOD) Project experience
- (f) Location of the Project
- (g) Target Population, including incomes if applicable
- (h) Summary of financing sources

- (i) Current Project status with dates of commencement, completion, as appropriate
- (j) Whether the Project was completed on/under/over budget and on/ahead/behind schedule.

Proposer should clearly identify which Project is serving as a minimum Qualifying Project and which are additional QP's for the various scoring categories.

3.1.a. Development Capacity: Summarize in one page the organizational structure of the development team that will be responsible for developing the Site, including the roles of Developer, Co-Developer and/or Development Consultant. Identify and briefly describe the experience of key Project development staff. Using **Attachment 3, Projected Staffing Workload**, describe their projected workload for the period of the Site's development.

3.1.b. Ownership Experience and Capacity: Summarize in one page the ownership experience and asset management capacity of the proposed owner of the Project including descriptions of:

- at least one Qualifying Project owned for at least five (5) years by the organization that will assume ownership of the proposed Project on the Site including its location, non-residential uses, number of units, completion dates, capital financing and target population; and the current asset management structure, staffing, and portfolio of the proposed owner, and its capacity for assuming asset management of an expanded portfolio once development is complete.

3.2. Lead Architect Experience. Using no more than one page per Project, describe at least two but no more than 3 (three) completed Qualifying Projects, including the projects':

- (a) Location,
- (b) Number of units,
- (c) Type of construction,
- (d) Completion dates,
- (e) Target population,
- (f) Transportation demand management (TDM) or joint or transit-oriented development (TOD) features, as relevant
- (g) Green design features
- (h) On-site amenities or associated uses (such as child care and/or small scale neighborhood serving commercial uses),

Using **Attachment 3, Projected Staffing Workload**, describe the projected workload of key staff expected to be involved in the development of the Site.

3.3 Property Manager Experience. Using no more than two (2) pages, describe the following:

- (a) At least three Qualifying Projects managed in San Francisco, including at least one Project that was financed with low-income housing tax credits that have been managed

for at least 24 months. Describe their location, resident population, associated uses and amenities, size, capital financing sources, and relevant dates of service.

- (b) The total number of buildings in the property management company's portfolio and the number of years each building has been successfully managed.
- (c) The firm's experience with formerly homeless tenants, as well as its track record providing sound operational and building management, its standard procedures regarding resident meetings and resident outreach, and experience managing successful retail/commercial spaces.

3.4 Services Provider. Using no more than two (2) pages, describe the following:

- (a) In general terms, the types of services made available to low-income and formerly homeless families; where services are provided; how clients' needs are assessed and how a plan for addressing those needs is developed; how clients are linked to the City's safety net of services and assisted in their efforts to access those services;
- (b) The duration of services contracts with City departments, contact information for any public agency providing funding for services, and documentation of quality of services provided such as contract monitoring reports or funding source evaluations;
- (c) Using **Attachment 4: Service Provider Residential Experience**, describe experience providing on-site or off-site services residents of low income housing, highlighting (under "Population Served" and "Services Provided") any experience serving homeless families.

4. Development Concept and Site Plan Please prepare and submit a conceptual design that includes:

4.1. Narrative Project Concept Description. In 1,000 words maximum describe the major qualities and features of the Project design concept. When describing public and common areas and amenities, indicate what anticipated activities they accommodate. Indicate particular groups served by the programs and spaces (tots, children, teens, young adults, adults, elderly, disabled etc.) The description should include the following:

- a. Overall rationale for configuration of building and open spaces on the parcel, including how the Project will interface with the adjacent subway station, how it will activate the corner and streetscape, and how it may interface with proposed changes to the streetscapes of Folsom and 4<sup>th</sup> Streets under the draft Central SoMa Plan
- b. Interior and exterior tenant amenity and activity spaces – list and describe size and qualities of each; the description must confirm that the Project will include a front desk, staffed 24 hours a day, seven days a week
- c. Interior community serving spaces – list and describe size and qualities of each
- d. Exterior public open spaces – describe size and qualities
- e. Response to local environmental factors such as traffic, sun/shade, wind – describe approaches
- f. Transportation demand management (TDM) measures – describe specific approaches

- g. Green design and Eco-District features – describe specific approaches
- h. Commercial use provision – describe size and loading area (if needed)

4.2 Site plan showing all proposed entries to uses. Ground level and upper level plans are not required except as noted in sec. 4.6 below.

4.3 Conceptual Façade Elevations representing general fenestration, entries and roof lines but not color or materials.

4.4 Floor plans for the ground floor and each residential floor showing general location of proposed residential lobby and entry level tenant spaces, unit locations and sizes, resident amenities, common areas for residents, and general location of any proposed publicly accessed community serving uses or commercial uses. Indicate approximate square footages for these spaces on the plan.

**5. Financing and Cost Control Innovations.** Describe the overall financing plan as further described and in conformance with the requirements of Section IV.A. above, with sufficient information to allow MOHCD to fully determine the proposal’s feasibility, including:

- a. Development Sources & Uses budget using **Attachment 5 MOHCD Sources and Uses** form.
- b. 20-year cash flow, using **Attachment 5 MOHCD Sources and Uses** form and
- c. Year 1 operating budget using **Attachment 5 MOHCD Sources and Uses** form.

Highlight any innovative financing approaches intended to minimize MOHCD’s projected capital gap financing. Highlight also any innovative (i.e., non-standard, routine or commonly used) direct or indirect cost-cutting strategies relevant to overall development, construction or operating expenses, including estimated savings calculations if appropriate.

**6. Services Plan.** Submit a services plan of no more than three (3) pages that meets the requirements of Section IV.D above (p. 12) and includes the following information:

- a. The service provider’s overall philosophy and plan for providing services to the Site residents, including a listing and brief description of the services to be provided, and highlighting, if appropriate, any innovative approaches it may include;
- b. The plan for engaging residents and encouraging access to services;
- c. How services for the Site residents will be coordinated with the existing net of services in the neighborhood and community;
- d. The proposed staffing model, including staff titles, position descriptions, salaries, and FTE status, and an explanation of how FTE time will be allocated; and
- e. A services budget that is consistent with the Services Plan.

**7. Community Outreach Plan.** Submit a Community Outreach Plan for engaging concerned citizens, community stakeholders and well-established neighborhood groups in the design of the Project.

**8. Draft Affirmative Marketing Plan.** Submit a draft affirmative marketing plan that will facilitate a robust response during lease-up and ensure engagement with a wide diversity of potential tenants and reflects the Tenant Selection Criteria applicable to this development.

#### **E. Submittal Deadline and Other Important Dates**

**Pre-Submittal Meeting: September 25, 2017** at the Mayor’s Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco. The meeting will include a short presentation on the RFP. Prospective Proposers will have the opportunity to ask clarifying questions at this meeting and/or by email to [mara.blitzer@sfgov.org](mailto:mara.blitzer@sfgov.org) . All questions and their answers will be posted on the MOHCD website.

**RFP mailing list:** All attendees at the Pre-Submittal Meeting will be added to a 266 4<sup>th</sup> Street RFP email list along with any others who may ask to be included. This list will be used to notify all interested parties of any Addenda to the RFP, changes in the schedule, and/or RFP-related postings on the MOHCD website that may occur prior to issuance. The same information along with the RFP itself will be posted on the MOHCD website.

**Submittal Deadline:** Deliver 5 (five) hard copies of the Proposal including all attachments to MOHCD, 1 South Van Ness Avenue, 5<sup>th</sup> Floor reception, attention: Mara Blitzer. In addition, email a complete proposal including attachments to:

**Mara.blitzer@sfgov.org**

**Threshold Requirements:** All Proposers will be notified **the week of February 19, 2018** as to whether their proposal was complete, met the minimum experience and capacity requirements.

**Interviews, Final Scoring and Ranking:** The Selection Panel will schedule interviews with the development teams that have met the threshold requirements, which will take place during the week of **February 26, 2018**. Based on Proposers’ written proposals and interviews, the Selection Panel will issue scores and rankings for the Proposers.

**Final Selection:** MOHCD anticipates that the selection of the Developer will be completed by **March 9, 2018**. The announcement of the award will take place on March 23, 2018.

## **VI. TERMS AND CONDITIONS OF REQUEST FOR PROPOSALS**

### **A. Developer Responsibilities**

The selected developer will be responsible for all aspects of development of the Site, including but not limited to the following:

1. Investigating and determining conditions of the Site and the suitability of the Site for the proposed Project.
2. Securing all required development approvals, including but not limited to any necessary permits or approvals from the City's Planning Department and Department of Building Inspection, FTA approval of a Joint Development Agreement per FTA Circular C 7050.1A, and from federal and State agencies associated with environmental and historic preservation reviews as applicable.
3. Leading a robust community outreach process to solicit community feedback.
4. Completing an appraisal of the property prior to the execution of the lease in accordance with San Francisco Administrative Code Section 23.3.
5. Paying the real estate transfer tax after execution of the lease and being responsible for any other taxes and fees owed to the City and County of San Francisco during the term of the lease.
6. Obtaining adequate financing for all aspects of the proposed Project, including predevelopment, construction and operation.
7. Designing and building the Project in a manner that produces a high-quality, enduring living environment and that is compatible with the Yerba Buena/Moscone subway station and future, envisioned changes to the streetscapes of Folsom and 4<sup>th</sup> streets.
8. Assuming responsibility for any damage to the facilities or functioning of the Yerba Buena/Moscone subway station associated with the design, construction, and operation of the Project.
9. Owning, managing, and operating the Project in a manner that ensures its long-term financial viability and the ongoing satisfaction of residents.
10. Complying with the requirements of any financing for the Project, including but not limited to:
  - a. Environmental Review - Depending on conditions at the Project site and on Project plans, the proposed Project may be subject to review under the California Environmental Quality Act (CEQA), the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA) and specifically the Section 106 historical resources preservation review. San Francisco Planning Department and San Francisco Art Commission design review will also be required.
  - b. Accessibility Requirements - Project sponsors will be responsible for meeting all applicable accessibility standards related to publicly-funded multifamily housing under Section 504 of the Rehabilitation Act of 1973, the Architectural Barriers Act,



the Americans with Disabilities Act, and certain statutes and regulations of the City and County of San Francisco. At least 50% of all units must be adaptable and a minimum of 10% of the units must be accessible, including units for the visually and hearing impaired.

c. Federal Requirements - The selected Development Team will be required to comply with applicable FTA requirements, including, but not limited to, non-discrimination requirements, conflicts of interest, debarment and suspension, civil rights requirements, and other FTA joint development use requirements as outlined in FTA Circular C 7050.1A. These joint development use requirements include the FTA's ongoing interest in the use of the property and compensation to the SFMTA for the use of the property; the SFMTA's maintaining satisfactory continuing control of the property; and FTA authorization prior to any conveyance of the property.

d. Local Requirements - The selected Development Team will be required to comply with local and federal procurement requirements, including the provision of equal employment opportunities for disadvantaged business consultants, architects, contractors, and other potential development team members to participate in the Project. To ensure that equal opportunity plans are consistent with City and Federal procurement requirements, the selected Development Team must meet with MOHCD and San Francisco Contract Monitoring Division (CMD) staff prior to hiring their development team to develop a plan for such compliance. In addition, although the City's Contract Monitoring Division (CMD) does not require prior approval or monitoring of procedures for selecting the architect for purposes of responding to this RFP, the Development Team's Local Business Enterprise (LBE) status will be counted toward the overall Project's procurement goals, which will be set at a later date.

e. Prevailing Wages – This Project will be subject to applicable local, state or federal requirements with regard to labor standards<sup>7</sup>. Development Teams should take prevailing wage requirements and labor standards into account when seeking estimates for contracted work, especially the cost of construction, and other work to which the requirements apply, and when preparing development budgets overall.

f. Employment and Training – The selected development team will be required to work with the CityBuild initiative of the Office of Economic and Workforce Development to comply with local and federal requirements regarding the provision of employment opportunities for local and low-income residents and small businesses during both the development and operation of the Project, including complying with the City's First Source Hiring requirements.

g. Sustainable Design - The Mayor's Office of Housing seeks to maximize the

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<sup>7</sup> For example, see Section 23, Article VII of the San Francisco Administrative Code, which provides prevailing wage, apprenticeship, and local hire requirements for projects on land leased by the City.

overall sustainability of financed projects through the integrated use of “green” building elements in partnership with the Green Communities Initiative established by Enterprise and Natural Resources Defense Council (NRDC) (see <http://www.greencommunitiesonline.org>). The selected development team will be required to pursue any funding that may become available to help pay for the cost of planning and implementing green building components. The selected Development Team will also be required to comply with Chapter 7 of the Environment Code of the City and County of San Francisco, which specifies green building requirements for City buildings.

h. Insurance Requirements – see Exhibit A -- Insurance Requirements.

### **B. Errors and Omissions in RFP**

Proposers are responsible for reviewing all portions of this RFP. Proposers are to promptly notify MOHCD, in writing, if the respondent discovers any ambiguity, discrepancy, omission, or other error in the RFP. Any such notification should be directed to MOHCD promptly after **discovery, but in no event later than five (5) working days prior to the date for receipt of proposals.** Modifications and clarifications will be made by addenda as provided below.

### **C. Addenda to RFP**

MOHCD may modify the RFP, prior to the response due date, by issuing written addenda. Addenda will be sent via email to the last known address of each person or firm listed with MOHCD as having received a copy of the RFP for proposal purposes. MOHCD will make reasonable efforts to notify Proposers in a timely manner of modifications to the RFP. Notwithstanding this provision, the Proposer shall be responsible for ensuring that its proposal reflects any and all addenda issued by MOHCD prior to the proposal due date regardless of when the proposal is submitted.

### **D. Objections**

1. RFQ Terms - Should any interested party object on any ground to any provision or legal requirement set forth in this RFQ, that party must provide written notice to MOHCD Acting Director Kate Hartley at [Kate.Hartley@sfgov.org](mailto:Kate.Hartley@sfgov.org) setting forth with specificity the grounds for the objection no more than 14 calendar days after the RFQ is issued. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.
2. Notice of Non-Responsiveness - Should a Proposer object on any ground to a determination that its Proposal is non-responsive to this RFQ, that party must provide written notice to MOHCD setting forth with specificity the grounds for the objection no more than 7 calendar days after the date of the letter notifying the Proposer of MOHCD’s determination of non-responsiveness. Failure to object in the manner and

within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.

3. Selection of Development Team for Exclusive Negotiations - Should any interested party object on any ground to the MOHCD Director's authorization to proceed with exclusive negotiations with a selected Proposer, that party must provide written notice to MOHCD setting forth with specificity the grounds for the objection no more than 7 calendar days after the developer selection is made public and exclusive negotiations are authorized. If a respondent files a timely objection, MOHCD's authorization to enter into exclusive negotiations with the selected Proposer will not be binding until the MOHCD Director denies the protest. A Mayoral decision to grant the protest will void its prior authorization. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.
4. Delivery of Objections - Objections must be submitted in writing, addressed to Mara Blitzer, Director of Housing Development and delivered to the MOHCD receptionist during business days between the hours of 8:00a.m. and 5:00 p.m. at 1 South Van Ness Avenue, 5<sup>th</sup> Floor by the dates due in order to be considered. If an objection is mailed, the objector bears the risk of non-delivery by the deadlines specified above. Objections should be transmitted by a means that will provide written confirmation of the date MOHCD received the objections.

#### **E. Claims Against the City, MOHCD, SFMTA**

No Proposer will obtain by submitting a Proposal in response to this RFP, and by submitting a Proposal thereby waives, any claim against the City, including MOHCD and the SFMTA, by reason of any or all of the following: any aspect of this RFQ, any part of the selection process, any informalities or defects in the selection process, the rejection of any or all proposals, the acceptance of any proposal, entering into exclusive negotiations, conditioning exclusive negotiations, terminating exclusive negotiations, approval or disapproval of plans or drawings, entering into any transaction documents, the failure to enter into a lease or lease disposition and development agreement, any statements, representations, acts, or omissions of MOHCD, the exercise of any discretion set forth in or concerning any of the above, and any other matters arising out of all or any of the above.

#### **F. Sunshine Ordinance**

In accordance with San Francisco Administrative Code Section 67.24(e), contractors' bids, responses to RFP's and all other records of communications between the City and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

## **G. Reservations of Rights by the City**

1. The issuance of this RFP and the selection of a Development Team pursuant to this RFP are in no way a limitation of the discretion of any City board, commission, department, employee or official with respect to any review or approval required in connection with the proposed Project. The City's selection of a Development Team is in no way deemed to be the final approval of any Project proposed by that Development Team.

2. The information in this RFP is provided solely for the convenience of Proposers.

3. The City expressly reserves the right at any time to do waive or correct any defect or technical error in any response or procedure, as part of the RFP or any subsequent negotiation process; reject any or all responses, without indicating the reasons for such rejection; reissue a Request for Proposals; modify or suspend any and all aspects of the selection procedure, the scope of the proposed Project or the required responses, or the processes indicated in this RFP; request that Proposers clarify, supplement or modify the information submitted; extend deadlines for accepting responses, or request amendments to responses after expiration of deadlines; negotiate with any, all or none of the Proposers to this RFP; make a selection based directly on the proposals, or negotiate further with one or more of the Proposers; during negotiation, expand or contract the scope of the proposed Project, or otherwise alter the Project concept in order to respond to new information, community or environmental issues; if at any time prior to the execution of binding agreements with the Development Team, MOHCD, in its sole discretion, determines that the selected Development Team will be unable to proceed with a timely and feasible Project in accordance with this RFP, MOHCD may terminate negotiations with the highest ranked respondent and begin negotiations with the next highest ranked respondent; or determine that no Project will be pursued.

4. The issuance of this RFP does not obligate the City to pay any costs whatsoever incurred by any respondent, including but not limited to costs incurred in connection with the preparation or presentation of responses or negotiations with the City. The City will not be responsible for any costs incurred by Proposers in responding to this RFP. **The foregoing notwithstanding, MOHCD may will reimburse the cost for architectural analysis and submittal materials required by this RFP as set forth below.**

MOHCD is requiring the submittal of a number of architectural work products as part of this RFP. In order to encourage participation by qualified architects and to mitigate some of the design costs to the Developers and Architects submitting proposals, MOHCD will reimburse Proposers whose Proposals are not selected pursuant to this RFP and which, in the sole discretion of MOHCD, are deemed to have been complete and to have met each of the minimum qualifications described in Section **V. B. *Minimum Experience and Capacity Requirements*** of this RFP. The total aggregate payment for architectural reimbursables by MOHCD paid to all Proposers shall not exceed \$50,000, and the reimbursement paid to any single Proposer shall not exceed \$5,000. (If more than 10 Proposals are received that qualify for the reimbursement, the City shall pay each Proposer a pro-rated equal portion of the \$50,000.) Reimbursement requests

may be made upon a Proposer's receipt of notice from MOHCD that its Proposal was complete and met the minimum qualifications but was not selected by the Director of MOHCD for implementation of the Project, upon execution of a grant agreement with MOHCD for these funds, and upon submission of invoices from the Proposer's Architects.

5. The issuance of this RFP is only an invitation to submit Proposals, and does not constitute an agreement by the City that any contract will actually be entered into by the City. This RFP does not in any way limit the discretion of any City board, commission, employee or official with respect to any review or approval of any aspect of the Project or any other project.

6. The City will not approve any long-term lease for the Site that would allow for its development until there has been compliance with the California Environmental Quality Act (CEQA), and, as applicable, the National Environmental Protection Act (NEPA). If the proposed Project is found to cause significant adverse impacts, the City reserves absolute discretion to require additional environmental analysis, and to: (a) modify the Project to mitigate significant adverse environmental impacts; (b) select feasible alternatives which avoid significant adverse impacts of the proposed Project; or (c) reject or proceed with the Project as proposed, depending upon a finding of whether or not the economic and social benefits of the Project outweigh otherwise unavoidable significant adverse impacts of the Project.

7. The City reserves the right to disqualify any respondent to this RFP based on any real or apparent conflict of interest that is disclosed by the responses submitted or on the basis of other information available to the City. This City may exercise this right in its sole discretion.

## **Exhibit A: Insurance Requirements**

### INSURANCE REQUIREMENTS

#### 1.1 BORROWER LIABILITY INSURANCE

- A. Borrower shall maintain in full force and effect, for the period covered by the Ground Lease, the following liability insurance with the following minimum specified coverages or coverages as required by laws and regulations, whichever is greater:
1. Worker's Compensation in statutory amount, including Employers' Liability coverage with limits not less than \$1,000,000 each accident, injury, or illness. The Worker's Compensation policy shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Borrower, its employees, agents and subcontractors of every tier.
  2. Commercial General Liability insurance with limits not less than \$5,000,000 each occurrence combined single limit for bodily injury and property damage, including coverage for Contractual Liability, independent contractors, Explosion, Collapse, and Underground (XCU), Personal Injury, Broadform Property Damage, and completed operations.
  3. Commercial Automobile Liability insurance with limits not less than \$2,000,000 each occurrence combined single limit for bodily injury and property damage, including owned, hired or non-owned vehicles, as applicable.
  4. Professional liability insurance, applicable to Contractor's profession, with limits not less than \$5,000,000 each claim with respect to negligent acts, errors or omissions.
  5. A blanket fidelity bond or a Crime Policy (Employee Dishonesty Coverage) that includes coverage for employee dishonesty, forgery & alteration, theft of money & securities, and theft via electronic means, endorsed to cover third party fidelity, covering all officers and employees in an amount not less than \$75,000 with any deductible not to exceed \$10,000 and including City as additional obligee or loss payee as its interest may appear.
- B. Approval of Borrower's insurance by the City will not relieve or decrease the liability of Borrower under this Agreement. The City reserves the right to require an increase in insurance coverage in the event the City determines that conditions show cause for an increase.

## 1.2 ADDITIONAL COVERAGES

- A. Borrower must maintain, or cause its contractors and property managers to maintain all-risk property insurance, in the amount no less than One Hundred Percent (100%) of the full replacement cost of all improvements constructed by the Developer or its contractor. Such insurance shall be in place prior to City's issuance of a letter signed by MOHCD and the SFMTA indicating that construction is complete. In the event of a loss, insurance proceeds must be applied to the reconstruction of the damaged improvements unless otherwise authorized in advance by the City. Such property insurance shall include coverage for losses caused by earthquake and flood unless the Borrower can demonstrate to the satisfaction of the City that such coverage is not financially feasible.
- B. Builder's Risk Insurance: Borrower shall provide "Special Form" (All Risk) Builder's Risk Insurance on a replacement cost basis as follows:
1. Amount of Coverage: The amount of coverage shall be equal to the Project's full replacement cost on a completed value basis, including periodic increases or decreases in values through change orders. The policy shall provide for no deduction for depreciation. The policy shall provide coverage for "soft costs," such as but not limited to design and engineering fees, code updates, permits, bonds, insurances, and inspection costs caused by an insured peril; the policy may limit the amount for soft costs but such limit shall not be less than 5% of the coverage amount. The Builder's Risk Insurance shall also include the full replacement cost of all City-furnished equipment, if any.
  2. Period of Coverage: Borrower shall provide evidence of Builder's Risk Insurance coverage in accordance with the requirements set forth herein prior to the start of construction.
  3. Parties Covered: The Builder's Risk policy shall identify the City and County of San Francisco as the sole loss payee. The policy shall name as insured the City and County of San Francisco, the Borrower and its subcontractors of every tier.  
  
Each insured shall waive all rights of subrogation against each of the other insured to the extent that the loss is covered by the Builder's Risk Insurance.
  4. Included Coverage: The Builder's Risk Insurance shall include, but shall not be limited to, the following coverages:

- (a) All damages or loss to the Work and to appurtenances, to materials and equipment to be incorporated into the Project while the same are in transit, stored on or off the Project site, to construction Site and temporary structures.
- (b) The perils of fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, smoke damage, damage by aircraft or vehicles, vandalism and malicious mischief, theft, collapse, water damage, and earthquake if feasible and as consistent with State law.
- (c) The costs of debris removal, including demolition as may be made reasonably necessary by such covered perils, resulting damage, and any applicable law, ordinance, or regulation. Limit for such coverage shall be no less than 25 per cent of full construction value
- (d) Start up and testing and machinery breakdown including electrical arcing.
- (e) Consequential loss (lost revenues and costs of funding or financing when a covered risk causes delay in completing the Work). In the event the City receives coverage specifically for a consequential loss associated with delay to the completion of the Project, such specific amount shall be credited against any liquidated damages for delay for which the Borrower would otherwise be responsible.

5. Deductibles: The Builder's Risk Insurance may have a deductible clause not to exceed the amounts below. Borrower shall be responsible for paying any and all deductible costs. The deductible for coverage of All Perils shall not exceed the following without the written consent of the City:

- (a) \$10,000 for projects valued up to \$25,000,000;
- (b) \$25,000 deductible for projects valued in excess of \$25,000,000 and up to \$75,000,000; and
- (c) \$50,000 deductible for projects valued in excess of \$75,000,000.

C. Professional Liability Insurance: In the event that Borrower employs professional architectural, engineering or land surveyor services for performing Project design, field engineering or preparing design calculations, plans and specifications, Developer shall require the retained architects, engineers and land surveyors to carry professional liability insurance with limits not less than \$20,000,000 each claim with respect to negligent acts, errors, or omissions in connection with professional services to be provided under this Ground Lease. Developer's professional liability policy shall not have an exclusion for environmental compliance management or construction management professionals. Umbrella or excess coverage may be used to meet this requirement



- D. During all phases of construction activities, the Borrower shall require its contractor to maintain the following type of coverage with the limits specified as follows or coverages as required by laws and regulations, whichever is greater.
1. Worker's Compensation in statutory amount, including Employers' Liability coverage with limits not less than \$1,000,000.00 each accident, injury, or illness. The Worker's Compensation policy shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Borrower, its employees, agents and subcontractors of every tier.
  2. Commercial General Liability insurance that is Project specific with limits not less than \$100,000,000 each occurrence, and not less than \$200,000,000 aggregate combined single limit for bodily injury and property damage, including coverage for Contractual Liability, independent contractors, Explosion, Collapse, and Underground (XCU), Personal Injury, Broadform Property Damage, and completed operations..
  3. Environmental Pollution Liability: In the event that hazardous / contaminated material is discovered during the course of the work, and the Contractor or its subcontractors is required to perform abatement or disposal of such materials, then the Contractor, or its sub-contractor, who perform abatement of hazardous or contaminated materials removal shall maintain in force, throughout the term of this Ground Lease contractor's pollution liability insurance with limits not less than \$2,000,000 each occurrence combined single limit (true occurrence form), including coverages for on-site or off-site third party claims for bodily injury and property damage.
  4. Commercial Automobile Liability insurance with limits not less than \$2,000,000.00 each occurrence combined single limit for bodily injury and property damage, including owned, hired or non-owned vehicles, as applicable.
- E. Railroad Protective Liability for bodily injury (including death), property damage, and physical damage, including loss of use thereof, to railroad property with limits to be determined by the SFMTA prior to the initiation of any construction activity, annually applicable to all operations of contractor or subcontractor(s) within 50 feet vertically or horizontally of the SFMTA's trackway. The SFMTA shall have the right to approve of the policy wording. The named insured shall be the SFMTA. Prior to commencing work contractor shall file the original copy of the policy with the SFMTA. This coverage shall be maintained throughout all phases of construction.

- F. The City reserves the right to require an increase in the Borrower's contractor's insurance coverage in the event the City determines that conditions show cause for an increase.

### 1.3 INSURANCE FOR OTHERS

- A. For general liability and automobile liability insurance, Borrower and borrower's contractor shall include as additional insured, the City and County of San Francisco, its board members and commissions, and all authorized agents and representatives, and members, directors, officers, trustees, agents and employees of any of them.
- B. General /Auto Liability policies shall:
  - 1. Name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees as well as others as required by contract and must include coverage for bodily injury and property damage.
  - 2. Developer agrees to waive subrogation which any insurer of Developer may acquire from Developer by virtue of the payment of any loss. Developer agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation

### 1.4 COMMERCIAL SPACE

- A. Developer must require that all nonresidential tenants' liability insurance policies include Developer and the City as additional insureds, as their respective interests may appear. Throughout the term of any lease of Commercial Space in the Project, Developer must require commercial tenants to maintain insurance as follows:
  - (1) To the extent the tenant has "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident;
  - (2) Commercial general liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including coverage for contractual liability; personal injury; advertisers' liability; including coverage for loss of income due to an insured peril for twelve (12) months; owners' and contractors' protective; broadform property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

(3) Business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(4) With respect to any tenant who has (or is required by Law to have) a liquor license and who is selling or distributing alcoholic beverages and/or food products on the leased premises, to maintain liquor and/or food products liability coverage with limits not less than One Million Dollars (\$1,000,000), as appropriate;

(5) Special form coverage insurance, including vandalism and malicious mischief, in the amount of 100% of the full replacement cost thereof, covering all furnishings, fixtures, equipment, leasehold improvements, alterations and property of every kind of the tenant and of persons claiming through the tenant; and

(6) Full coverage plate glass insurance covering any plate glass on the commercial space.

#### 1.5 FORMS OF POLICIES AND OTHER INSURANCE REQUIREMENTS

- A. Before commencement of the Work of this Ground Lease, certificates of insurance and policy endorsements in form and with insurers acceptable to the City, evidencing all required insurance and with proper endorsements from Borrower's insurance carrier identifying as additional insureds the parties indicated under Article "Insurance for Others" above, shall be furnished to the City, with complete copies of policies to be furnished to the City promptly upon request. The Borrower will be allowed a maximum of 5 working days, after the date on which the Ground Lease is executed, in which to deliver appropriate bond and insurance certificates and endorsements.
- B. Approval of the insurance by the City shall not relieve or decrease the extent to which the Borrower or its assignee, or subcontractor of any tier may be held responsible for payment of any and all damages resulting from its operations. Borrower shall be responsible for all losses not covered by the policy, excluding damage caused by earthquake and flood consistent with section 7105 of the California Public Contract Code in excess of 5 percent of the construction contract Sum, including the deductibles. All policies of insurance and certificates shall be satisfactory to the City.
- C. The Borrower and its Subcontractors shall comply with the provisions of California Labor Code section 3700. Prior to commencing the performance of work, the Borrower and all of its Subcontractors shall submit to the awarding

department a certificate of insurance against liability for workers compensation or proof of self-insurance in accordance with the provisions of the California Labor Code.

- D. Liability insurance, with an allowable exception for professional liability insurance, shall be on an occurrence basis, and said insurance shall provide that the coverage afforded thereby shall be primary coverage (and non-contributory to any other existing valid and collectable insurance) to the full limit of liability stated in the declaration, and such insurance shall apply separately to each insured against whom claim is made or suit is brought, but the inclusion of more than one insured shall not operate to increase the insurer's limits of liability.
- E. Except for professional liability insurance, should any of the required insurance be provided under a form of coverage that includes an annual general aggregate limit or provides that claims investigation or legal defense costs be included in such annual general aggregate limit, such general annual aggregate limit shall be two times the occurrence limits stipulated. City reserves the right to increase any insurance requirement as needed and as appropriate.
- F. Should any of the required insurance be provided under a claims-made form, Borrower shall maintain such coverage continuously throughout the term of this Ground Lease, and without lapse, for a period 5 years beyond the Final Completion date, to the effect that, should occurrences during the Ground Lease term give rise to claims made after expiration of the Ground Lease, such claims shall be covered by such claims-made policies.
- G. Each such policy shall be endorsed to provide thirty (30) days advance written notice to the City of reduction or non-renewal of coverages or cancellation of coverages for any reason. All notices shall be made to:

Mayor's Office of Housing and Community Development  
1 South Van Ness Avenue, 5<sup>th</sup> Floor  
San Francisco, California 94103  
Attn: Mara Blitzer, Director of Housing Development

and to:

Municipal Transportation Agency  
1 South Van Ness Avenue, 8<sup>th</sup> Floor  
San Francisco, California 94103  
Attn: Rafe Rabalais, Long Range Asset Development Manager

- H. Borrower, upon notification of receipt by the City of any such notice, shall file with the City a certificate of the required new or renewed policy at least 10 days

before the effective date of such cancellation, change or expiration, with a complete copy of the new or renewed policy.

- I. If, at any time during the life of this Ground Lease, Borrower fails to maintain any item of the required insurance in full force and effect, all Work of this Ground Lease may, at City's sole option, be discontinued immediately, yet all Ground Lease payments due or that become due shall be paid by Borrower, until the Borrower's notice is received by the City as provided in the immediately preceding Subparagraph "H" informing the City that such insurance has been restored to full force and effect and that the premiums therefor have been paid for a period satisfactory to the City.
- J. Any failure to maintain any item of the required insurance may, at City's sole option, be sufficient cause for termination for default of this Ground Lease.

#### 1.6 QUALIFICATIONS

- A. Insurance companies shall be legally authorized to engage in the business of furnishing insurance in the State of California. All insurance companies shall have a current A.M. Best Rating not less than "A-VIII" and shall be satisfactory to the City.

#### 1.7 PERFORMANCE AND PAYMENT BONDS

- A. Borrower's construction contractor shall provide a performance bond in the amount of One Hundred Percent (100%) of the value of the construction contract and a payment bond in the amount of One Hundred Percent (100%) of all contracts with subcontractors, each naming the City and the Developer as dual obligees.